IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 24/12/2003

CORAM

THE HONOURABLE MR.JUSTICE N.V.BALASUBRAMANIAN
and
THE HONOURABLE MR.JUSTICE K.P.SIVASUBRAMANIAM

O.S.A.No.30 of 2003
and 31 to 37 of 2003 and
CMPs.4313 to 4320 of 2003 & VCMPs.5573 to 5576 of 2003

O.S.A.Nos.30 to 33 of 2003:

Mrs.J.Zeenath Bivi,
proprietrix,
M/s.N.V.K.M.Traders,
No.207, Poonamallee High Road,
Chennai 600 029,
rep. by her Power of Attorney holder
Mr.J.Zackaria. ... Appellant

-Vs-

1. M.Khader Ibrahim
2. M.Raja Mohamed
3. M.Asi Mohamed
4. S.Rahila Bivi
5. A.Zaithoon Bivi
6. S.Mohamed Ismail
7. R.Asha Banu
8. M.Zahira Banu
9. M.Parveen Roja
10.S.Sakkarai Mohamed
11.J.Rahmath
12.S.Raja Rashool
13.M.Roja Mohamed
rep. by his son, Mr.R.Noorul Amin ... Respondents

O.S.A.Nos.34 to 37 of 2003:

Mrs.J.Zeenath Bivi ... Apellant.

vs.
1. N.V.K.M.Khader Ibrahim
2. N.V.K.M.Raja Mohamed
3. N.V.K.M.Asi Mohamed
4. N.V.K.M.Roja Mohamed

5. S.Rahila Bivi
6. A.Zaithoon Bivi
7. S.Mohamed Ismail
8. A.Asha Banu
9. M.Zahira Banu
10.M.Parveen Roja
11.S.Sakkarai Mohamed
12.Rahamath Jinnah
13.S.Raja Razhool Mohamed
14.M/s.N.V.K.Mohammed Sultan Rowther & Sons,
a firm being rep. by its Joint Managing
Partner, N.V.K.M.Raja Mohammed, having
his office at No.95, Market Road,
Dindigul 624 001, Dindigul Dist.,
Tamil Nadu.

... Respondents.

O.S.As. filed against the common order dated 31.12.2002 made
in O. A.Nos.444 to 447 and 730 to 733 of 2002 in C.S.Nos.455 and 727 of 2002
respectively on the file of this Court.

!For appellant : Mr.G.Masilamani, Sr.counsel
for Mr.A.Prabhakara Reddy.

^For respondents : Mr.M.K.Rao, for
Mr.S.Kanniah for R2 to R14
Mr.P.S.Ganesh for
M/s.Kuriyan & Associates for R1.
:JUDGMENT

N.V.BALASUBRAMANIAN,J.

The above O.S.A. Nos.30 to 37 of 2003 are preferred against a
common order passed in O.A.Nos.730 to 733 of 2002 in C.S.No.727 of 2002 and
O.A.Nos.444 to 447 of 2002 in C.S.No.455 of 2002 on the file of this Court.
There are two suits filed one by the appellant herein in C.S.No.727 of 2002,
and another by the respondents herein in C.S.No.455 of 2002. Both the parties
sought for interim injunction in their pending suits restraining the other
party from infringing trademark ROJA or RAJA, from infringing copyright which
the respective parties have in the artistic work contained in their registered
copyright, from manufacturing, marketing, selling or advertising or packing in
respect of betel nut/supari or any kind or its allied products in the course
of business using the trademark ROJA or ROSE or using the trading style with
the initial N.V.K.M. or claiming the source or origin of business and against
the passing off action.

2. All the eight petitions were considered together by a

learned Single Judge of this Court and the learned Single Judge, by common order passed on 31.12.2002, held that the respondents herein have established prima facie case and the balance of convenience lies also in favour of the respondents herein. Learned Judge also held that the parties are joint proprietors of the registered trademarks and they are entitled to use the trademarks, ROJA and RAJA for the purpose of manufacturing and selling the scented betel nuts and no individual joint proprietor has any right to use the registered trademarks. Learned Judge further held that if anyone of the joint proprietors is not willing to join the majority of the joint proprietors, then it will be open to the majority of the joint proprietors to make use of the registered trademarks and the trading style and they should render a true and proper account once in a month to the other joint proprietor who is unwilling to join the trade. Learned Judge held that that this arrangement should continue in force till the disposal of rectification applications filed on either side. It is against this common order, the present appeals have been preferred.

3. A Bench of this Court admitted the appeals and ordered status quo on 31.1.2003. The appellant is the defendant in the suit, C.S.No.4 55 of 2002 (hereinafter referred to as the appellant, Zeenath Bivi) and the respondents in the appeal are plaintiffs in C.S.No.455 of 2002 (referred to hereinafter as the respondents/plaintiffs).

4. It is a dispute arising between the members of a family as to who is entitled to use the trademarks ROJA or RAJA in the manufacture of betel nut/supari. The brief facts necessary for the consideration of the appeals are that somewhere in 1942, one N.V.K.Mohamed Sultan Rowther started a proprietary concern in the name and style, N.V.K. Mohamed Sultan Rowther and Sons for the manufacture of scented betel nuts using the trademarks, ROJA, RAJA and KERA. On 22.1.1946 N.V.K. Mohamed Sultan Rowther obtained the registration of the trademark ROJA and he was using the trademark ROJA in the manufacture and marketing of the scented betel nuts. N.V.K. Mohamed Sultan Rowther started his business in Dindigul, a town in the State of Tamil Nadu and slowly the business developed. He formed a partnership firm on 1.4.1966 by making his sons and daughters and also his brother-in-law as partners of the firm. At the time of formation of the partnership firm, the appellant Zeenath Bivi was a minor and she was admitted to the benefit of the partnership and her interest was taken care of by the second plaintiff in C.S.No.455 of 2002. On 18.7.1966 N.V.K.Mohamed Sultan Rowther and his sons and daughters applied to the Trademark Registry for recording the names of sons and daughters as subsequent proprietors by virtue of the deed of partnership dated 1.4.1966 and on 30.7.1966 the sons and the daughters of Mohamed Sultan Rowther were brought on record as subsequent proprietors of the trademark. On 29.10.1966 N.V.K.Mohamed Sultan Rowther died. The partnership constituted on 1.4.1966 was reconstituted between 1966 and 1986 and it is not necessary to refer to the reconstitution of the partnership for the purpose of considering the points that arise in the appeals.

5. On 1.1.1984 the joint proprietors entered into a preincorporation agreement to convert the partnership firm into a private limited company under the provisions of the Companies Act. On 12.7.1984 N.V.

K.M. and Sons (P) Ltd. came to be incorporated and on the same day an agreement was entered into among the proprietors to enable the company to exploit the trademarks for and on behalf of all the joint proprietors for a period of five years. On 24.9.1986 a supplementary agreement was entered into among the joint-proprietors as one of the joint proprietors, by name, S.Ameen Bibi died on 23.9.1986 and her legal heirs and other co-owners were desirous of permitting the user of the trademarks on payment of royalty on sales of scented betel nuts. It is necessary to mention here that in the supplementary agreement the user period of five years provided in the user agreement dated 12.7.1984 was not altered. From 1986 to 1992 the appellant Zeenath Bivi is said to be the sole agent of N.V.K.M. & Sons (P) Ltd. for the City of Chennai. On 14.3.1992 the appellant Zeenath Bivi issued a cease and desist notice to the company with copies marked to the jointproprietors stating that the period of the user agreement dated 24.9.19 86 expired on 23.9.1991 and the user of the trademarks in question on or after 23.9.1991 was illegal.

6. On 30.11.1992 Zeenath Bivi, the appellant herein, filed an earlier suit in C.S.No.1577 of 1992 on the file of this Court challenging the user of trademarks by the N.V.K.M.& Sons P.Ltd. company. She also sought for an order of interim injunction in O.A.No.961 of 1992 restraining the company from manufacturing, marketing, dealing, supplying and selling scented betel nuts and tobacco under the trademarks, ROJA, RAJA and KERA. She filed another application in O.A.No.962 of 1 992 for the appointment of a Court Receiver to take charge and collect amounts from the market, the dealers, distributors, etc. On 8.2.199 5 Zeenath Bivi and her children filed applications before the Registrar of Trademarks for registration of the trademark ROJA in their names exclusively, and it is stated in the applications that they have been using the same from 1934 and independently from 1.4.1993. Subsequently on 5.7.1995 a learned Judge of this Court has passed an order in O.A.Nos.961 and 962 of 1992 dismissing the applications holding that it would not be proper on the part of the Court to grant the relief of interim injunction restraining the company from using the trademarks or to appoint a receiver. On 28.8.1995 the appellant Zeenath Bivi sent a notice to the rest of the joint proprietors dissolving the partnership firm and questioning their right to use the trademarks. She has also stated in the notice that the High Court held that other co-owners are not entitled to efface the right of the appellant Zeenath Bivi as a co-owner and she started to use the trademark belonging to all the joint owners. On 11.9.1995 the second plaintiff has sent a reply on behalf of joint proprietors informing that the partnership business has already been dissolved and that the illegal act of using the trademark exclusively by the appellant Zeenath Bivi would be defended properly.

7. In March, 1996 the company filed an independent suit against the appellant Zeenath Bivi in O.S.No.124 of 1996 on the file of District Munsif, Dindigul, which was later on transferred to this Court and renumbered as C.S.No.688 of 1996, praying for permanent injunction restraining her from doing business in scented betel nuts in the same pattern of the company. On 6.2.1996 the appellant Zeenath Bivi filed eight original petitions before this Court for rectification seeking to remove the names of other joint proprietors and to retain the registration of trademarks in her individual name. It is stated that in March, 1996 paper publications were

made by N.V.K.M. & Sons (P) Ltd. calling for applications from the willing persons to act as its agents. On 24.3.1996 an advertisement was effected by the appellant Zeenath Bivi refuting the contents of the advertisement given on behalf of the company. It is also relevant to notice here that in the suit filed by the appellant Zeenath Bivi in C.S.No.1577 of 1992 the respondents herein were made parties as defendants and subsequently she made an endorsement giving up them stating that no relief was prayed against them.

8. On 5.2.1998 the appellant Zeenath Bivi filed six applications seeking to register the trademark ROJA in her name claiming independent right over the trademark. An application in I.A.No.1034 of 1998 was taken out by the firm, N.V.K.M. & Sons represented by the second plaintiff in C.S.No.688 of 1996 to implead the firm as second plaintiff in the suit and that application was dismissed on 24.3.1998. It is stated that after the order of dismissal passed on 24.3.1998, on 13.4.1998 the partnership firm paid the renewal fees for the its registration for the period from 1994 to 1998. An appeal in O.S.A.No.64 of 1998 was preferred against the order passed in I.A.No.1034 of 199 8 and that appeal was also dismissed on 22.4.1998. It is further stated that on 17.11.2000 the company as well as the firm jointly filed O.S.No.7973 of 2000 on the file of City Civil Court, Chennai against the appellant Zeenath Bivi praying for permanent injunction and also for damages and an interim injunction was gr anted by the City Civil Court and against the order of interim injunction an appeal was filed before the City Civil Court, Chennai in C.M.A.No.21 of 2001. It is stated on 23.2.2001 that C.M.A. was allowed. On 2.3.2001 a learned Judge of this Court passed an order decreeing the suit in C.S.No.1577 of 1992 filed by the appellant Zeenath Bivi and dismissing the the suit, C.S.No.688 of 1998 filed by the company. On 14.5.2001 a C.R.P. No.1541 of 2001 was filed on the file of this Court against the order passed in C.M.A.No.21 of 2001. Similarly the company filed two appeals in O.S.A.Nos.87 and 88 of 2001. These two appeals along with C. R.P.No.1541 of 2001 were taken up by a Bench of this Court and this Court, by order dated 14.2.2002, dismissed O.S.A.Nos.87 and 88 of 2001 filed against the judgment and decree in C.S.No.1577 of 1992 as well as C.S.No.688 of 1996. Learned Judges also dismissed the C.R.P.No.15 41 of 2001 which was filed against the order made in C.M.A.No.21 of 2 001. The Company carried the matter in appeal before the Supreme Court and the Supreme Court by order dated 8.4.2002 dismissed the Special Leave Petitions filed against the judgment and decree dated 14.2.2 002 made in O.S.A.Nos.87 and 88 of 2001. The Supreme Court ordered notice in S.L.P.No.6803 of 2002 filed against the order made in C.R.P.No.1541 of 2001. The Supreme Court, by order dated 2.12.2002, disposed of S.L.P.No.6803 of 2002 with the following observation:-
"whether the finding or observation of the High Court as to existence of the firm or otherwise could be traced only to proceeding in C.R. P.No.1541/2001 or otherwise in OSA.Nos.87-88/2001 could be examined by the trial Court while disposing of the suit pending before it and depending upon its finding on this aspect give appropriate finding as to existence or otherwise of the firm".

9. On 11.5.2002 the joint proprietors issued a notice through their counsel calling upon the appellant Zeenath Bivi to join them for joint exploitation of the trademarks on four conditions including the condition to pay to the joint proprietors a sum of Rs.75 lakhs being the approximate

profit/benefit gained by the appellant Zeenath Bivi. Learned counsel for the appellant relied upon some portion of the said notice and and we feel that it will be advantageous to refer to what is stated in the notice itself:-
"Our clients who are all joint proprietors and whose names are enumerated in para 1 above, propose to carry on business in betel nut goods falling in clause 31 by using the abovementioned registered trademarks, amongst others, under the trading style, 'N.V.K.M.& Sons', and/ or 'N.V.K.Mohamed Sultan Rowther & Sons' and/or 'Roja Betelnut Manufacturing Company' ".

10. On 22.6.2002 the appellant Zeenath Bivi sent a reply notice through her counsel refusing to accept the terms of the notice. On 24.6 .2002 O.P.Nos.406 to 411 of 2002 were filed on the file of this Court against the appellant Zeenath Bivi by other joint proprietors seeking for rectification of the register by removing the name of the appellant Zeenath Bivi as one of the proprietors in respect of the registered trademarks. On 8.7.2002 the respondents herein and the unregistered partnership firm filed a suit in C.S.No.455 of 2002 against the appellant Zeenath Bivi praying for permanent injunction restraining her from using the trademarks, from committing infringement of the copyright and from manufacturing, marketing, selling or advertising or packing in respect of betel nut/supari of any kind or its allied products in the course of business using the trademark ROJA or ROSE or or any other trademark phonetically and deceptively similar to the trademark ROJA and from using the trading style with the initial N.V.K.M. and also for damages of Rs.75 lakhs. They also filed interlocutory applications in O.A.Nos.444 to 447 of 2002. In September, 2002 the appellant Zeenath Bivi also filed a suit in C.S.No.727 of 2002 against other joint proprietors along with O.A.Nos.730 to 733 of 2002 claiming almost the similar reliefs as claimed in C.S.No.455 of 2002. On 31.12.2002 a common order was passed in all the applications and against that common order, the present appeals have been preferred. In the appeals preferred by Zeenath Bivi, it is stated, on 31.1.2003 status quo was ordered and it is not necessary to refer to various interim orders passed in the appeals as we have heard and are deciding the appeals on merits.

11. Learned Single Judge while passing the common order in O.A.Nos.444 to 447 and 730 to 733 of 2002 have framed the following points for consideration:
1) Whether the plaintiffs in C.S.No.455 of 2002 have got a prima facie case and the balance of convenience is in their favour?
2) Whether the defendant in C.S.No.455 of 2002 has made out a prima facie case and the balance of convenience is in her favour?
3. To what relief?

12. Learned Single Judge held that there is no dispute that the plaintiffs 1 to 13 and the defendant are joint proprietors of the trademarks. The appellant Zeenath Bivi filed O.P.Nos.104 to 111 of 1996 against other joint proprietors for rectification of the register by removing the names of other joint proprietors and enter her name as the sole proprietor in respect of the registered trademarks. Learned Single Judge held that simply because the appellant Zeenath Bivi used the trademarks for seven years

it cannot be automatically stated that the joint proprietors would be deemed to have lost their right or they have abandoned their right. Learned Single Judge also held that there is absolutely no evidence to come to the conclusion that the joint proprietors have virtually given away their right and they could not claim the right in future. Learned Single Judge also held that when the parties are joint proprietors of the registered trademarks, the appellant Zeenath Bivi has no right whatsoever to use the trademarks exclusively for her own benefit and the use, if any, made by her would be for the benefit of all the joint proprietors. Learned Single Judge rejected the submission that the suit filed by the respondents herein is barred by limitation and held that the question whether the suit is barred by time or not is a matter that can be considered only in the course of trial on the basis of evidence to be adduced by the parties. Learned Single Judge, after noticing the decision of the Division Bench in O.S.A.Nos.87 and 88 of 2001, held that the respondents have come forward with the suit on the ground that each one of them have the right to use the trademarks. Learned Single Judge has taken into account the public interest involved in the matter of trademarks. He also held that the appellant Zeenath Bivi has not only misappropriated the trademarks for her own independent use, but also misappropriated the trading style adopting the name, N.V.K.M.Traders, thereby rendering the deception practised upon the public complete and absolute. Learned Single Judge held that the appellant Zeenath Bivi has no background in the manufacture of betel nuts according to know-how and standards of the joint proprietors who have been actively associated with the manufacture of the goods for decades as she is a housewife without any formal education. Learned Single Judge ultimately held that neither the respondents, nor the appellant could claim exclusive right to use the trademarks and the exclusive use of the trademarks by the appellant Zeenath Bivi is impermissible in law and it could be construed as one done for the benefit of all the joint proprietors. He therefore held that the respondents/ plaintiffs have made out a prima facie case and the balance of convenience is in favour of the joint proprietors and not in favour of the appellant Zeenath Bivi alone. He ultimately held that till the disposal of rectification applications filed by either side no individual joint proprietor has any right to use the registered trademarks for personal benefit and the trademarks should be used by the joint proprietors and if any one of the joint proprietors is not willing to join with the majority of the joint proprietors, then it would be open to the majority joint proprietors to use the trademarks on the same trading style and they should render a true and proper account once in a month to the other unwilling joint proprietor. It is against the common order, the present appeals have been filed.

13. We heard Mr.G.Masilamani, learned senior counsel for the appellant Zeenath Bivi and Mr.M.K.Rao, learned counsel for the respondents. Both of them have filed written arguments.

14. Mr.G.Masilamani, learned senior counsel submitted that the appellant Zeenath Bivi is the sole proprietor of the trademarks and the firm was dissolved and converted into a company. He referred to the user agreement dated 12.7.1984 and submitted that it expired on 12.7 .1989 and thereafter the company could not exploit the trademarks after 12.7.1989. He submitted that the trademarks were not used by the joint proprietors after

12.7.1989. He referred to the provisions of section 46 of the Trade and Merchandise Marks Act, 1958 (hereinafter referred to as 'Trademarks Act') and submitt ed that from the date of expiry of the user agreement five years and one month period has already expired and other joint proprietors have not used the trademarks and hence, the appellant has taken appropriate action for using the trademarks. He submitted that except the appellant, no other joint owners had used the trademarks and the user of the trademarks by the company was not proper and would not enure to the benefit of the respondents. He submitted that after 23.9.1991 no one has used the same except the appellant and referring to the letters dated 28.8.1995 and 27.10.1995, he submitted that the appellant has openly declared that she was using all the trademarks from 1995 when she launched business and she was exercising her legal rights from the year 1995 till the institution of the suit by the respondents in July, 2002 and the joint proprietors had not questioned the right of user by the appellant. He also referred to the Original petition filed for rectification and submitted that the appellant applied for registration of trademarks in her name. He submitted that the user by the appellant is not for the benefit of all the joint owners, nor is it a case of the coowners that the benefit derived by the appellant was divided among others. He submitted that the appellant continued to use the trademarks from 1995 and she has become the exclusive user of the trademarks. He submitted that since other joint owners have lost their right in the trademarks due to non-user by them, in so far as other joint proprietors are concerned, the provisions of section 24 of the Trademarks Act do not come to play and the user by the appellant is bona fide and open against other co-owners from 1995 and the user by the appellant cannot be construed to be for the benefit of other co-owners. He referred to the user of the trademarks prior to 1995 and after 1995 and submitted that the appellant was not using the trademarks stealthily, but it was an open user and she was using the trademarks bona fide after taking proper steps. He further submitted that on the date when the suit was instituted, she was using the trademarks, but, on the other hand, the co-owners have not used the trademarks but they proposed to exploit the trademarks. He also submitted that on equity also the appellant is entitled to succeed as the appellant has been using the trademarks from 1995 and she has invested considerable sum of money for setting up business and irreparable loss and injury would be caused to her if she is prevented from using the trademarks and if the respondents are permitted to use the trademarks. He also submitted that the use of the trademarks by the company is not permissible after the decision of this Court in O.S.A.Nos.87 and 88 of 2002 which has been confirmed by the Supreme Court and the co-owners are not doing any business and the business that is allegedly carried on by them is an illegal business. He submitted that the other co-owners have a proposal to jointly use the trademarks and if they start a new business, the existing business carried on by the appellant would be affected. He also submitted that the balance of convenience is in favour of the appellant as the business was carried on by the appellant even prior to 1995 and the appellant should be allowed to continue her business and she is prepared to submit accounts and if there are profits, the appellant would share the profits along with the co-owners, in case she fails in the suit filed by her. He submitted that the appellant has come to the Court with clean hands and the respondents have come to the court with unclean hands and made a false declaration in the Form-IIA filed for registration of the firm

wherein the date of declaration is stated to be 6.4.1998 but the period of declaration is stated to be 1.4.1990 to 31.3.1991. He also referred to the plaint in O.S.No.455 of 2002 and submitted that the averments made in the plaint are incorrect and though the firm is made a formal party, the firm had ceased to exist on the incorporation of the company. He also submitted that the assertion that the co-owners have been using the trademarks is not correct and as far as the observation of the Bench of this Court in O.S.A.Nos.87 and 88 of 2002 in paragraph-33 is concerned, his submission was that it is only an obiter dictum and there was no issue at all and it was not the subject matter of suit also. He also submitted that the question of right of the appellant to use the trademarks as against other joint proprietors did not arise for consideration before this Court and hence, the observation does not bind the appellant. He submitted that there was no issue and there was no evidence on this aspect also and the observation made by the Court is neither necessary, nor incidental to the main issues that arose in that appeal. He submitted that the user by the appellant is not detrimental to other co-owners as it does not affect the rights of other co-owners and the observation cannot be put against the appellant at the interlocutory stage. Mr.G.Masilamani, learned senior counsel also submitted that the respondents have acted in a fraudulent and mala fide manner to exploit the trademarks for themselves. He referred to the affidavit filed by the appellant and submitted that the respondents have committed various fraudulent acts in respect of the trademarks. He submitted that the respondents were paying to the appellant only a sum of Rs.25,000/- per annum as royalty when the company was doing business with an annual turnover of Rs.30 crores. He submitted that the respondents have siphoned off money by floating several sister concerns like M/s.Vaigai Trading Co. Ltd., M/s. Jaleel Traders, M/s.M.S.R.Co., M/s.Roja Finance and Investment Ltd. and M/ s.Rose Agency and thereby depriving the appellant's right over the legitimate profit which is detrimental to the right and interest of the appellant. He further submitted that the trademarks should be exploited by all co-owners, but such right is denied to the appellant and the finding of the learned Judge of this Court that majority can do the business if any one of the co-owners is not willing to join them is not correct in the case of exploitation of trademarks belonging to joint proprietors. He also referred to the conduct of the respondents and submitted that the respondents decided to assign the trademarks in favour of the company and according to him, the respondents have attempted to transfer the trademarks in favour of the company. He also submitted that even the trademark, ROJA GOLD was claimed by the respondents as belonging to the company which was negatived by the Division Bench of this Court. He submitted that the act of respondents in demanding from the appellant a sum of Rs.75,00,000/- as condition precedent to admit her into the joint exploitation of the trademarks clearly shows their intention that they never intended to join the appellant in their association and according to him, the respondents have acted in a fraudulent manner. He therefore submitted that the appellant was justified in not joining the other joint proprietors for the exploitation of the trademarks. He also submitted that the case pleaded in the notice is different from the case made in the affidavit filed by the respondents and the user of the trademarks by some of the joint proprietors without the consent of others is illegal. He also referred to the notice dated 11.5.2002 and submitted that it clearly indicates the proposal of the respondents to exploit

the trademarks and it does not show that the respondents have been using the trademarks and the respondents have not carried on any business. He submitted that the Bench has also held that the user of the trademarks by the company was not permissible and the benefit of the user of trademarks cannot be attributed to the respondents as their claim of user of the trademarks is not substantiated by law. Learned senior counsel submitted that irreparable and irrecoverable loss would be caused to the appellant if she is restrained from carrying on the business which she has been carrying on from 1995. Learned senior counsel submitted that the appellant would abide by any condition that may be imposed by the Court pending disposal of the appeal. He therefore submitted that the appellant may be allowed to use the trademarks. In addition to the oral arguments, learned counsel for the appellant submitted written arguments also. We have gone through the written arguments filed by the learned counsel for the appellant.

15. Mr.M.K.Rao, learned counsel appearing for the respondents, on the other hand, submitted that the respondents along with the appellant are joint proprietors of the trademarks. In so far as the law relating to trademarks is concerned, there should be one mark, one source and one proprietor. He referred to the judgment of the Division Bench of this Court in O.S.A.Nos.87 and 88 of 2002 and submitted that it is well-established that the rights vested with the joint owners of the trademarks can be regarded as if those rights have been vested with a single person. He also submitted that the Division Bench has clearly held that the use of the trademarks by the appellant for her own benefit is clearly not an action in accordance with the provisions of section 24 of the Trademarks Act. He also submitted that the Division Bench has held that each one of the joint proprietors has the right to file a suit if he/she is aggrieved by the exploitation of the trademarks by the appellant for her own benefit. He submitted that on the basis of the judgment of the Division Bench, the joint proprietors have instituted the suit in C.S.No.455 of 2002. He also submitted that the basic concept of the Trademarks Law is that unlike other forms of property or proprietary rights, the Court has to consider not only the possibility of any injury that may be caused to the proprietor, but also consider the possibility of the public being injured by the use of the trademark by other party representing a false origin and marketing goods of substandard quality. His submission is that the appellant has not only misappropriated the trademarks for her own benefits, but also misappropriated the trading style by adopting the name NVKM Traders. According to him, the appellant has no background in the manufacture of betel nuts and she is basically a house wife without formal education of any significance. He submitted that the user of the trademarks by the appellant has seriously affected the business of joint proprietors and the public are also victims of the use of the trademarks by the appellant. He submitted that the appellant has not challenged the finding of the Division Bench of this Court in O.S.A.Nos.87 and 88 of 2002 and it is only the company that filed Special Leave Petition before the Supreme Court which was dismissed. He submitted that in the earlier suit instituted by the appellant against the company, though originally joint proprietors have been impleaded as parties, they were given up on the ground that they were not necessary parties in the suit. Learned counsel referred to the user agreement and various conditions contained in the user agreement and submitted that the user agreement

contemplates strict and close control to be exercised by the proprietors of the trademarks over the activities of the company in the use of the trademarks which are subject matter of the appeals. He further submitted that by the reason of control exercised by the joint proprietors over the company in respect of the use of the trademarks, the user by the company must be taken to be the user by the joint proprietors. He further submitted that though the agreement was not registered under the provisions of sections 48 and 49 of the Trademarks Act, but the common law recognises the grant of permission by registered proprietors of the trademarks to the company provided the registered proprietors retained the control over the use of the trademarks by the licensee. He therefore submitted that it cannot be contended that there was non-user of the trademarks by the joint proprietors. He also submitted that the period of user agreement came to an end on 12.7.1989 and even after the expiry of the user agreement, the company was using the trademarks as a licensee and the appellant had been receiving royalty from the company up to the year 1993 and she was also a director of the company till 1995 and she was a dealer of the company even after the expiry of the agreement till 1992. He also submitted that the appellant made attempts even before the order was pronounced on 5.7.1995 in O.A.Nos.961 and 962 of 1992 in the suit filed by her, to start her own business she filed applications before the Registrar of Trademarks for registration of her name even prior to 1995 which clearly shows that the appellant had already decided to commence an independent business and she took advantage of the observation made in O.A.Nos.961 and 962 of 19 92 in C.S.No.1577 of 1992. He submitted that the fact that she filed various applications for registration would go against her claim of proprietor of the trademarks and the various letters issued by the appellant before the order was passed in O.A.Nos.961 and 962 of 1992 clearly show that the appellant decided to start a business of her own and her statement that she was forced to start a business on the basis of the judgment of this Court is not correct. Learned counsel submitted that even if there is siphoning off funds by way of incorporation of company by other proprietors, that issue is not relevant in considering the question of grant of injunction for the use of trademarks. Learned counsel submitted that undue emphasis should not be placed on the letter of the joint proprietors wherein the advocate has stated that the joint proprietors proposed to carry on business. He submitted that the appellant was fully aware that after the Special Leave Petition filed by the company was dismissed on 8.4.2002 the company ceased to carry on the business and from 8.4.2002 the joint proprietors have been carrying on the business in the name and style N.V.K.M. & Sons. He further submitted that the words, "proposed to carry on business" would really mean "continue to carry on the same business" and the words do not mean that a new bu siness was intended to be started by the joint proprietors. Learned counsel referred to various averments made in the plaint as well as in the affidavit. He also produced certain documents to show that the joint proprietors were carrying on the business and he submitted that it is incorrect to state that the business premises of the respondents was sealed pursuant to the orders of the II Metropolitan Magistrate, Chennai. He also submitted that the claim of the appellant that the suit filed by the respondents is barred by limitation is not sustainable. He also submitted that there is no delay at all in the institution of the suit and the appellant was put on notice that it is impermissible for her to use the trademarks and there is no abandonment of the trademarks by the respondents and the company

was run by the joint proprietors using the trademarks. He also submitted that when the joint proprietors are closely associated with the use of trademarks in the business, it cannot be stated that there is an abandonment of trademarks by the joint proprietors. As far as the existence of partnership firm is concerned, he submitted that the Supreme Court has left open the question to be decided by the trial Court in O.S.No.7973 of 2000. Mr.M.K.Rao, learned counsel submitted that the submission of the learned senior counsel for the appellant that on the expiry of five years and one month from the date of expiry of the user agreement, the trademarks got lapsed is not sustainable and section 46 of the Trademarks Act does not come into operation automatically and a case has to be made out in separate proceedings for non-user of the trademarks. His submission is that the user by the appellant is impermissible and the conduct of the appellant clearly shows that she is dishonest and fraudulent and the fact that she was carrying on business even after the judgment of the Division Bench shows that she has no inclination to respect the orders of the Court. He submitted that if the appellant is permitted to carry on the business using the trademarks, the interest of the joint proprietors would be seriously affected and the interest of the public would be seriously prejudiced. He also submitted that the contention of the appellant that the joint proprietors did not commence the business is not correct as the documents produced clearly show that the joint proprietors have been carrying on the business and the auditor's report also shows the turnover of the business of Rs.8 crores and 17 lakhs from April, 2002. He therefore submitted that the appellant should be restrained from carrying on the business using the trademarks for the benefit of her own. He further submitted that after the expiry of the user agreement on 12.7.1989 the fact that the company was carrying on the business clearly shows that all the joint proprietors have impliedly renewed the agreement and the joint proprietors exercised overall control of the company and the joint proprietors have no objection for the user of the trademarks by the company. He submitted that only in the year 1992 the appellant issued notice calling upon the company not to use the trademarks which were registered in the names of joint proprietors. He further submitted that there is no provision in the Trademarks Act which prohibits carrying on the business on the basis of majority decision and there is nothing illegal if the respondents carry on business for the benefit of all the joint proprietors as the appellant is not willing to join them in the business. He submitted that the joint proprietors carried on the business through the company till 8.4.2002 and after that, they have been carrying on the business and he prayed this Court to grant injunction as prayed for against the appellant permitting the joint proprietors to continue to use the trademarks in the business. He has also filed written arguments and we perused the same also.

16. We have considered the submissions of Mr.G.Masilamani, learned senior counsel appearing for the appellant and Mr.M.K.Rao, learned counsel appearing for the respondents. Though the arguments were elaborate, the points that arise for consideration are whether the user of trademarks by the appellant, Zeenath Bivi in her business is valid in the eye of law and whether there should be an order of injunction either against the appellant, Zeenath Bivi or against the respondents and whether the appellant or the respondents can be permitted to carry on the business using the trademarks in

question.

17. Before considering the points that arise for consideration, it is necessary to mention here certain developments that took place during the course of hearing of the appeals. We suggested to the parties during the hearing of the appeals whether it is possible to arrive at a compromise and evolve a workable method for carrying on the business as the quarrel is between the members of the family and in view of the fact that the trademarks are owned by the joint proprietors and the internecine quarrel between them would destroy one or the other. Learned counsel appearing for both the parties have clearly stated that in spite of their best efforts, the parties are not able to arrive at a compromise. Secondly, at the conclusion of the hearing of appeal, we directed the counsel for the respondents to produce some evidence to show that joint proprietors have been carrying on business after 8.4.2002. When the matter was listed for the production of additional documents as required by the Court, the first plaintiff in the suit, C.S.No.455 of 2002 (suit filed by the joint proprietors) N. V.K.M.Khader Ibrahim entered appearance through another counsel and filed an affidavit on 17.10.2003 to the effect that he was totally ignorant of the proceedings. He has stated that he has not given any power of attorney to any one for the purpose of initiating legal proceedings in respect of the trademark ROJA. The respondents were also given notice and they have filed a counter affidavit denying various allegations contained in the affidavit of Khader Ibrahim. According to them, Khader Ibrahim participated in all earlier proceedings and he executed the power of attorney in favour of N.V.K.M.Raja Mohamed who is the second plaintiff in C.S.No.455 of 2003 and the second respondent herein. The matter was again adjourned to 28.10.2003 and the counsel appearing for Khader Ibrahim produced the copy of police complaint given by Khader Ibrahim and the copy of legal notice. Mr.M.K.Rao learned counsel for the respondents pointed out that in the other suit filed by the appellant in C.S.No.727 of 2002 the suit summons was served on Khader Ibrahim and he received the summons as well as the copy of the petition on 26.11.2002 which shows that he was aware of the proceedings. Learned counsel appearing for Khader Ibrahim requested time to address on merits of the case. Accordingly, the matter was adjourned and when the case was posted for his arguments on merits of the matter, learned counsel appearing for Khader Ibrahim merely reiterated the averments contained in the affidavit filed by Khader Ibrahim. He has also stated that he is not addressing any argument on merits of the case as his client is not willing to get himself involved in the quarrel between the family members and he wants to remain neutral in the proceedings. Since in the affidavit it is stated that N.V.K.M.Khader Ibrahim has not executed the power of attorney, we called for the original power of attorney and the same was produced. We also find that the original power of attorney was produced at the time of institution of the suit. The Registry of this Court on the basis of the original power of attorney prima facie came to the conclusion that there was a valid power in favour of the second respondent herein. In our view, the question whether N.V.K.M.Khader Ibrahim has validly executed the power of attorney is beyond the scope of the appeals and that question has to be decided either in an independent proceedings or at the time of final hearing of the suit. Hence, we are not expressing any opinion on the question, as we find that the original power of attorney has been produced by

the second respondent and it is also seen from the records that N.V.K.M.Khader Ibrahim has received suit summons in the other suit filed by the appellant herein which shows that the plea that he was not aware of the suit instituted by the respondents in C.S.No.455 of 2002 prima facie is not acceptable. However, we are not expressing any opinion on that question as the counsel appearing for him has not addressed any arguments on merits of the case.

18. As far as the first submission of Mr.G.Masilamani, learned senior counsel for the appellant that there is no cause of action at all for the institution of the suit in C.S. No.455 of 2002 is concerned, we find that the plaintiffs/respondents herein have prima facie established that there is a cause of action for filing the suit as it is stated by them that the suit itself was filed pursuant to the judgment of this Court in O.S.A.No.87 and 88 of 2002 dated 14.2.2002 where the Division Bench of this Court has held that the persons entitled to claim relief against Zeenath Bivi, appellant herein are the joint owners and each one of them has the right to file suit against the appellant Zeenath Bivi if he/she is aggrieved by the exploitation of trademarks by the appellant for her own benefit. The plaintiffs in the suit C.S.No.455 of 2002 have stated that the cause of action has arisen at Chennai within the jurisdiction of this Court where the appellant resides and carries on her business and when the appellant has claimed proprietary rights before the Registrar of Trademarks at Chennai over the device ROJA and the expression ROJA. Therefore we are of the view that the plaintiffs have prima facie established the cause of action for filing the suit arose in Chennai. Further, that question has to be gone into in detail on the basis of evidence that may be let in at the time of trial.

19. As far as the submission of Mr.G.Masilamani, learned senior counsel for the appellant that the suit is barred by limitation is concerned, we are prima facie of the view that the decision of this Court in O.S.A.Nos.87 and 88 of 2001 holding that each one of the joint owners would be entitled to institute suit against the appellant would give rise to a cause of action for the respondents herein to institute the suit. Moreover, the decision of the Supreme Court in M/s. BENGAL WATERPROOF LTD. v. M/s.BOMBAY WATERPROOF MFG. CO. (AIR 1997 S.C. 1 398) is of relevance as the Supreme Court has held that the cause of action in a suit filed for infringement of trademark continues to arise de die in diem when the trademark is infringed. We find that the following principles laid down by the Supreme Court would prima facie apply to the facts of the case and we are prima facie of the view that it cannot be stated that the suit is barred by limitation:-

" The cause of action for filing this present second suit is the continuous and recurring infringement of plaintiff's trade mark by the defendants continuously till the filing of the present second suit. We asked the learned counsel for the defendants as to whether pending the suit and at present also the defendants are trading in the offending goods, namely, bearing the mark 'DACK BACK' and he informed us that defendants even at present are carrying on this business. Therefore, pending the second suit all throughout and during the pendency of these proceedings the defendants have carried on the business of trading in the commodity waterproof raincoats 'DACK BACK'. It is obvious that thus the alleged infringement of plaintiff's trade mark ' DUCK BACK' and the alleged passing off action on the part of the

defendants in selling their goods by passing off their goods as if they were plaintiff's goods has continued all throughout uninterrupted and in a recurring manner. It is obvious that such infringement of a registered trademark carried on from time to time would give a recurring cause of action to the holder of the trademark to make a grievance about the same and similarly such impugned passing off actions also would give a recurring cause of action to the plaintiff to make a grievance about the same and to seek appropriate relief from the Court. It is now well settled that an action for passing off is a common law remedy being an action in substance of deceit under the Law of Torts. Wherever and whenever fresh deceitful act is committed the person deceived would naturally have a fresh cause of action in his favour. Thus every time when a person passes off his goods as those of another he commits the act of such deceit. Similarly whenever and wherever a person commits breach of a registered trade mark of another he commits a recurring act of breach of infringement of such trade mark giving a recurring and fresh cause of action at each time of such infringement to the party aggrieved. it is difficult to agree how in such a case when in historical past earlier suit was disposed of as technically not maintainable in absence of proper reliefs, for all times to come in future defendant of such a suit should be armed with a licence to go on committing fresh acts of infringement and passing off with impunity without being subjected to any legal action against such future acts."

The Supreme Court has held that the act of passing off is an act of deceit and tort every time when such tortuous act or deceit is committed by the defendant and the plaintiff would get a fresh cause of action to come to the Court by appropriate proceedings and infringement of a registered trademark would also be a continuing wrong so long as infringement continues.

20. Mr.G.Masilamani, learned senior counsel submitted that in the cause of action paragraph in the plaint the plaintiffs/respondents admitted that the appellant has been using the trademarks from 1995 and if that is taken into account, the suit would be barred by limitation. However, the question whether the suit is barred by limitation or not is a matter to be ultimately decided at the conclusion of trial and we are of the view that the plaintiffs/respondents, on the basis of the decision of the Supreme Court in M/s.BENGAL WATERPROOF LTD. Case (AIR 1997 SC 1398), have prima facie established that the suit is not barred by limitation.

21. Now let us consider whether the appellant would be justified in using the trademarks for her benefit. It is true and there is also no dispute that the appellant Zeenath Bivi commenced her business and has been carrying on her independent business from the year 1995. She has earlier filed a suit against the company in C.S.No.1577 of 19 92 in November, 1992 and also filed applications in O.A.Nos.961 and 962 of 1992 seeking interim injunction and for appointment of a Court receiver and both the applications were rejected by this Court on 5.7.1995. After the orders were pronounced in O.A.Nos.961 and 962 of 1992 she issued a notice dated 28.8.1995 wherein she has stated that the court held that she is one of the co-owners and other co-owners cannot prevent her from using the trademarks for business purpose. She has also stated that the Court held that the other co-owners are not

entitled to efface her right as a co-owner. She has stated that she has issued the notice to dissolve the partnership. She has also stated that she has been exercising her right in respect of various registered trademarks belonging to the firm as a co-owner. In the letter dated 27.10.1995 she has stated that she has launched her own business in supari and started using the trademarks to ensure that at least her name is not removed from the list of owners of the registered trademarks. Though the suit instituted by her was decreed and the suit filed by the company was dismissed, on appeal a Division Bench of this Court dismissed both the appeals preferred by the company holding that the use of the trademarks by the appellant Zeenath Bivi for her own benefit is not an action which is permissible under section 24 of the Trademarks Act.

22. The Division Bench relied upon the decision of the Supreme Court in POWER CONTROL APPLIANCES v. SUMEETH MACHINES PVT. LTD. (1994) 2 SCC 448) where the Supreme Court held as under:-

" There can be only one mark, one source and one proprietor. It cannot have two origins. Where, therefore, the first defendantrespondent has proclaimed himself as a rival of the plaintiffs and as joint owner it is impermissible in law. Even then, the joint proprietor must use the trademark jointly for the benefit of all. It cannot be used in rivalry and in competition with each other."

The Bench also held that the trademarks ROJA and RAJA were admittedly registered in the names of joint proprietors and they have necessarily to act together and for their common benefit and no one of them can act in a manner detrimental to the rights of the other or against the wishes of the other. Though Mr.G.Masilamani, learned senior counsel would submit that the right of the appellant has not been determined by the Division Bench of this Court and the Division Bench has merely declared the law, we are prima facie of the view that the said observation of the Division Bench, even assuming to be an obiter dictum, cannot be overlooked or side-tracked by the appellant. The appellant Zeenath Bivi against whom the observation was made has not challenged the said observation of the Division Bench of this Court whereas the company has preferred a Special Leave Petition against the judgment of the Division Bench, and as a party to the judgment, we are prima facie of the view, she is bound by the judgment of the Division Bench of this Court. Though in the earlier suit and in the present suit the parties are not the same, we are prima facie of the view that the observation of the Division Bench of this Court made against the appellant Zeenath Bivi would bind her as she was a party in the appeal.

23. We are of the view, it is not open to the appellant to disregard or disobey the observation made by the Division Bench of this Court on the ground that it is an obiter dictum. Apart from the decision rendered in O.S.A.Nos.87 and 88 of 2001, this Court in another unreported decision (between M/s.Shri Rajaganapathi Sewing Machine and Co. rep. by its Proprietrix Ms.S.Revathi, Salem and M/s.Radha Sewing Machine and Co. represented by its Partner R.Varadarajan, No.1, Bungalow Street, Salem-1) in L.P.A.No.116 of 1999, in which one of us was a party, by judgment dated 23.4.2003, held that a joint proprietor has no right to exploit the mark for

his or her own benefit to the exclusion of other owners in view of section 24 of the Trademarks Act and it is implicit in section 24(2) of the Act that when a mark is jointly registered, the exploitation of the mark must only be for the benefit of all joint proprietors of the mark and the mark may be used jointly in relation to an article with which all of them are connected. This Court also held that so long as the business was for the benefit of the joint proprietors there was no question of infringement of the mark and only when one of them sought to carry on business from a different location and as a rival, the user of the mark becomes unauthorised user and the question of infringement of the mark arises.

24. Learned Single Judge noticed the provisions of section 24 of the Trademarks Act and held that when the appellant and the respondents are joint proprietors of the registered trademarks, the appellant has no right whatsoever to exclusively use the same and the use, if any, made by her is only for the benefit of joint proprietors. Further, learned Single Judge also noticed the letter dated 11.5.2002 issued by the joint proprietors calling upon the appellant to join them in joint exploitation of the trademarks, and held that the appellant did not respond to the call, but wanted to use the trademarks exclusively for her own benefit. Further, learned Single Judge also noticed that the appellant has no background in the manufacture of betel nuts as she is basically a housewife without formal education on the basis of deposition of her husband, Jafer Sait in C.S.No.1577 of 1992 on the file of this Court, wherein he has stated that the appellant has studied up to 4th or 5th standard and she has not taken any active part in the business and before their marriage her interest in the business was looked after by her brother and after the marriage he was personally involved in her business. He has also admitted that before 19 95 his wife was not doing any business of her own.

25. The Supreme Court in POWER CONTROL APPLIANCES v. SUMEET MACHINES PVT. LTD. (1994) 2 SCC 448) laid down the following principle relating to trademark as under:-
" It is a settled principle of law relating to trademark that there can be only one mark, one source and one proprietor. It cannot have two origins. Where, therefore, the first defendant-respondent has proclaimed himself as a rival of the plaintiffs and as joint owner it is impermissible in law. Even then, the joint proprietors must use the trade mark jointly for the benefit of all. It cannot be used in rivalry and in competition with each other."

26. In CIBA LTD. v. M. RAMALINGAM (AIR 1958 Bombay 56) Chagla,C.J., speaking for the Bench has held that the object of maintaining a Trademark Register is that the public should know whose goods they are buying and with whom particular goods are associated and the duty of the Court is to protect the public irrespective of what hardship or inconvenience it may cause to a particular party whose trademark is likely to deceive or cause confusion. The Bombay High Court also held that the contest is not so much between the parties to the litigation as it is a contest between the party defending his

right to a particular trademark and the public.

27. House of Lords in ENO v. DUNN (118 Trademarks Cases 109) reiterated the same view as under:-

" The question is one between Mr.Dunn and the public, not between Mr.Eno and Mr.Dunn. It is immaterial whether the proposed registration is or is not likely to injure Mr.Eno in his trade. Equally immaterial, as it seems to me, is the fact that for a considerable time Mr. Eno had on the register as his trade mark the words "Fruit Salt". Mr.Eno may have gained some advantage to which he was not properly entitled; but that is hardly a reason for permitting Mr.Dunn to practice a deception upon the public."

28. The submission of Mr.G.Masilamani, learned senior counsel is that other joint proprietors have not used the trademarks for a period of five years and one month after the expiry of the period prescribed in the user agreement and the non-user of the trademarks by other proprietors would show that the joint proprietors have lost all their rights in the trademarks and the appellant had started business independently using the trademarks from 1995 in her own right when other joint owners disowned the trademarks. He therefore submitted that the user of the trademarks by the appellant from 1995 is not by virtue of her right as joint proprietor but by virtue of her independent right and she is the only proprietor of the trademarks and her use is in no way contrary to the provisions of the Trademarks Act. We are prima facie of the view that the said contention is not acceptable as it cannot be said that the joint proprietors have not used the trademarks after the expiry of five years and one month period from the date of expiry of the user agreement and it cannot also be stated that other joint proprietors ceased to have any interest in the trademarks in question.

29. Section 46(1) of the Trademarks Act provides for the removal from the Register of the names of registered proprietors if there is no bona fide use of trademark in relation to the goods for a period of five years and one month. It is only an enabling provision enabling a party to approach the Court or the Registrar of Trademarks for the removal of the name of registered proprietor from the register if there is any non-use of the trademark for a prescribed period and if there is bona fide intention not to use the trademark. The section says that it is open to the aggrieved party to establish before the High Court or the Registrar of Trademarks that there is no intention on the part of the registered proprietor not to use the trademark and the trademark has not been used in certain circumstances of the trade and there was no intention to abandon the trademark or not to use the trademark in relation to the goods to which the application relates. In other words, the non-user for a period of five years and one month does not automatically render the removal of the names of registered proprietors from the register and the question has to be considered with reference to the non-user, the intention and the reasons for the non-user, whether bona fide or not, for over the stipulated period.

30. The Supreme Court in HARDIE TRADING LTD. v. ADDISONS

PAINT AND CHEMICALS LTD. (2003 AIR SCW 4788) has considered the scope of section 46 of the Trademarks Act and held that the intention to use the trademark required of the proprietor would include the intention to permit the user of the trademark by the registered user. The Supreme Court also held that there must be evidence of abandonment and the evidence must be

convincing. The Supreme Court held that the user of trademark may be other than physical and section 46(3) provides a special defence to the registered proprietor and is to be inferred from the existence of special circumstances.

31. On the facts of the case, it cannot be prima facie held that there is absolutely non-user of the trademarks by other registered proprietors. It is evident that joint proprietors were carrying on the business prior to the formation of the firm. The trademarks were used by way of forming a firm and the business of the firm was subsequently taken over by a company and the company was permitted to use the trademarks belonging to the joint proprietors. Even after the expiry of the period provided in the user agreement in the year 1989, the company has used the the trademarks and all the joint proprietors including the appellant were the recipients of the benefits by the use of trademarks by the company without any protest and it was only in the year 1992 the appellant filed a suit against the company and thereafter the company filed a suit against the appellant. During the pendency of the suits, this Court, by an interim order, permitted the company to use the trademarks. This Court held that other joint proprietors allowed the company to make use of the trademarks. We are therefore prima facie of the view that on the expiry of five years and one month from the date of expiry of the agreement it cannot prima facie be held that other joint proprietors have lost all their rights in the trademarks in question. Moreover, that question has to be gone into in detail in the application filed by the appellant or the respondents for the removal of the name or names of other party in the said application.

32. We are also prima facie unable to accept the submission of Mr. G.Masilamani, learned senior counsel that since the appellant was using the trademarks as on the date of filing of the suit, she should be permitted to use the trademarks pending disposal of the suit. The question whether the appellant can use the trademarks for her own benefit and she can carry on the business using the trademarks without the consent of other joint proprietors was one of the issues posed for consideration before the Division Bench of this Court in O.S.A.Nos.87 and 88 of 2001 and the Division Bench held that the fact that other joint proprietors have not sought for injunction would not disentitle them from seeking any relief against the appellant and the licence for the user of the jointly owned marks can only be given with the consent of all the joint owners and that is implicit in section 24 of the Trademarks Act. After considering section 24 of the Trademarks Act, the Bench held that the user by the appellant is clearly not an action which is permissible under section 24 of the Trademarks Act. This Court also held that the fact that the appellant was using the trademarks as on the date of filing the suit is not material. The appellant has to establish in the suit filed by her that the user by her is permissible by way of leading evidence and till

that is established, the observation of the Division Bench of this Court that the user by her is not permissible under section 24 of the Trademarks Act would bind her, and that observation has become final as far as the appellant is concerned.

33. We are also prima facie unable to accept the submission of Mr.G.Masilamani, learned senior counsel that since the appellant has been using the trademarks on the date of institution of the suit, her right to use the trademarks should be protected when her action is not permitted by the law. We hold that the action which is not permissible under the law cannot be protected under the orders of the Court. Further, the basic principle of the Trademark Law, as already seen, is that there must be one mark, one source and one proprietor and there cannot be two origins and if both the appellant and the respondents are allowed to market the goods manufactured by them under the same trademark, the persons who would be really affected would be the general public as the goods manufactured by them are supari and they are consumer goods consumed not only by men and women, but also by young people, and therefore the interest of general public has to be protected.

34. As far as the other submission of Mr.G.Masilamani, learned senior counsel that the appellant has established good market and dealership, and great hardship and loss would be caused to the appellant, if the appellant is restrained from using the trademarks at this stage is concerned, we have already held that the user by the appellant of the trademarks in question is not prima facie permissible under the law. The conduct of the appellant is also relevant in considering the question. We have already seen that the appellant earlier instituted a suit against the company and also filed a petition for injunction restraining the company from using the trademarks. When this Court rejected that injunction application, she issued a notice on 28.8.19 95 stating that she will be exercising her right with respect to the trademarks belonging to the firm, N.V.K.M. & Sons. The joint proprietors, by letter dated 11.9.1995 have stated that the Court has not permitted the appellant to exercise the alleged right independent of other co-owners. In spite of the same, the appellant reiterated that she has launched her own business in supari under the registered trademarks inherited by her from her father. It is also relevant to mention here that even before the order of this Court dated 5.7.1995 the appellant filed application on 8.2.1995 for registration of trademark ROJA in her name. She has stated in the application for registration that she has been independently using the trademarks from 1.4.1993 and her predecessor-in-title from 1934. Her sons have also filed similar applications on 8.2.1995 stating that the trademarks were used by their predecessor-in-title since 1934 and by them from 1.11.1991. Her intention to use the trademarks is evident from her application dated 8.2.1995. The submission of Mr.M.K.Rao, learned counsel that the order of this Court rendered in O.A.Nos.961 and 962 of 1992 dated 5.7.1995 was taken advantage of by the appellant as if the order rejecting her petition for stay permitted her to use the trademarks cannot be said to be without any force. We have already noticed that the appellant is basically a house wife and she has no practical experience in running the business. Any permission granted to her to run the business using the trademarks ROJA and RAJA would cause confusion and deception in the minds of consumer-public. The other submission

of Mr.M.K.Rao, learned counsel for the respondents that the appellant continued to carry on the business even after the judgment of this Court in O.S.A.Nos.87 and 88 of 2001 and she has no regard for the orders of the Court cannot also stated to be without any force.

35. The submission of Mr.G.Masilamani, learned senior counsel that the suit instituted by the respondents herein is hit by acquiescence and laches as the respondents were aware of the user of the trademarks by the appellant from 1995 has to be examined at the time of final hearing of the suit. We have already held that the user by the appellant is not permissible as she is only a joint proprietor and further, in considering the question of acquiescence the entire conduct of the parties has to be taken into consideration. We have already seen that there is an user agreement entered into on 12.7.1984 for a period of five years and even after the expiry of the period prescribed in the user agreement, the company was using the trademarks and only on 14.3.1992 the appellant issued a notice stating that the period of user agreement was for a period from 23.9.1986 to 23.9.1991. However, the stand taken by the appellant in that notice seems to be not correct as the user agreement commenced on 12.7.1984 and ended on 12.7.1 989 and the supplementary agreement dated 24.9.1986 was entered into as there was a mere change in the ratio of payment of royalty consequent on the death of one of the co-owners, but the period of user agreement was not altered and the period of user remained the same, namely, from 12.7.1984 to 12.7.1989. It is also seen that till 14.3.1992 the appellant did not raise any objection against the company to use the trademarks and she was the recipient of the benefit of user agreement without protest. Thereafter she filed a suit against the company as well as the joint proprietors and she sought for amendment of the plaint giving up the names of joint proprietors from the suit and ultimately the suit filed by her and the suit instituted by the company came to be disposed of by judgment and decree dated 2.3.2001. During the pendency of those two suits, the appellant sought for interim injunction restraining the company from using the trademarks and that application came to be dismissed by order dated 5.7.1995 and that order has become final as no appeal has been preferred against that order. Hence, the company was using the trademarks till the disposal of the suit and thereafter appeals were preferred against the judgment in both the suits and the appeals were heard and orders were passed on 14.2.2002. The company carried the matter to the Supreme Court by way of Special Leave Petition and the Supreme Court dismissed the Special Leave Petition on 8.4.2002. Admittedly, the company used the trademarks till 8.4.2002. The question then arises whether the user by the company would amount to user by other joint proprietors and we propose to consider the question later. However, for the purpose of considering the question of acquiescence, it cannot be stated that the joint proprietors have acquiesced in the use of the trademarks by the appellant in her independent right.

36. Further, the following observation of B.N.Kirpal,J. (as His Lordship then was) in M/s.HINDUSTAN PENCILS PVT. LTD. v. M/s. INDIA STATIONERY PRODUCTS CO. (AIR 1990 Delhi 19) is relevant for the purpose of this case:-

" Even though there may be some doubt as to whether laches or acquiescence can deny the relief of a permanent injunction, it has been

consistently held that if the defendant acts fraudulently with the knowledge that he is violating the plaintiff's rights then in that case, even if there is an inordinate delay on the part of the plaintiff in taking action against the defendant, the relief of injunction is not denied. Where there is an honest concurren t user by the defendant then inordinate delay or laches may defeat the claim of damages or rendition of accounts but the relief of injunction should not be refused. This is so because it is the interest of the general public, which is the third party in such cases, which has to be kept in mind. In the case of inordinate delay or laches, as distinguished from the case of an acquiescence, the main prejudice which may be caused to the defendant is that by reason of the plaintiff not acting at an earlier point of time the defendant has been able to establish his business by using the infringing mark. Inordinate delay or laches may be there because the plaintiff may not be aware of the infringement by the defendant or the plaintiff may consider such infringement by the defendant as not being serious enough to hurt the plaintiff's business. Nevertheless, if the court comes to the conclusion that prejudice is likely to be caused to the general public who may be misled in to buying the goods manufactured by the defendant thinking them to be the goods of the plaintiff then an injunction must be issued. The Court may, inappropriate cases, allow some time to the defendants to sell off their existing stock but an injunction should not be denied."

It is not a case where the plaintiffs/respondents herein have not taken any action and it is not a case where the appellant has any right to use the trademarks independently. She used the trademarks in violation of the provisions of Trademarks Law and there is no delay also on the part of the respondents in taking action as immediately after the judgment was pronounced by the Division Bench, which was confirmed in appeal, the suit was filed.

37. The following observation of the Division Bench of Delhi High Court in SWARAN SINGH v. M/s. USHA INDUSTRIES (INDIA), NEW DELHI (AIR 1986 Delhi 343) is also relevant:
" The effect of a registered mark is so clearly defined in the Statute as to be not capable of being misunderstood. Even if there is some delay, the exclusive right cannot be lost. The registered mark cannot be reduced to a nullity. The principles governing other types of injunctions are not to be readily applied to a case like the present. Of course, if it was a case of a similar mark as opposed to the same mark, the concurrent user coupled with delay might be a ground for refusing an injunction. However, when the same mark is being used, in a sense, the public is deceived into purchasing the defendant's goods on the belief that they are plaintiffs goods, so a registered trademark is a casualty, it is the duty of the court to protect the registered mark. That is the whole concept of registration. So, we cannot refuse an injunction even if there is some delay especially when the mark is the same. To refuse the injunction would tantamount to permit a fraud being practised on unwary customers. This is a matter of principle on which the Court cannot refuse the injunction."

38. The Supreme Court in the case of POWER CONTROL APPLIANCES v. SUMEET MACHINES PVT. LTD. (1994) 2 SCC 448) explained the meaning of acquiescence in the matter of infringement of trademarks as under:-

"Acquiescence is one of the defences available under section 30(1)(b) of the 1958 Act. Acquiescence is sitting by, when another is invading the rights and spending money on it. It is a course of conduct inconsistent with the claim for exclusive rights in a trademark, trade name, etc. It implies positive acts; not merely silence or inaction such as is involved in laches. 'It is important to distinguish mere negligence and acquiescence'. Acquiescence is one facet of delay. If the plaintiff stood by knowingly and let the defendants build up an important trade until it had become necessary to crush it, then the plaintiffs would be stopped by their acquiescence. If the acquiescence in the infringement amounts to consent, it will be a complete defence. The acquiescence must be such as to lead to the inference of a licence sufficient to create a new right in the defendant."

39. Applying the principles laid down by the Supreme Court, it is not a case where the plaintiffs/respondents herein filed the suit knowing that the appellant built up a trade as the question whether the appellant would be entitled to use the trademarks was the subject matter of consideration before this Court in the earlier litigation. Further, it is a case where the joint proprietors have decided to use the trademarks along with the appellant, but in spite of the same, she has been using the trademarks in violation of law. We are also prima facie of the view that it is not a case where inference can be drawn that a new right has been created in favour of the appellant. Further, the plea of acquiescence and delay made by the learned senior counsel can be considered in detail on the basis of evidence that may be let in and not on the basis of affidavit and counter affidavit and documents produced before us. We are prima facie of the view that there is no question of acquiescence involved in this case.

40. We are of the view that whatever may be the justification for the appellant Zeenath Bivi in her stand of refusing to join the other joint proprietors for the joint exploitation, be it diversion of funds or excise duty evasion or the attempt of the respondents to transfer the trademarks to the company or the alleged fraudulent acts of the respondents, that would not give her right to use the trademarks exclusively for her own benefit in violation of the provisions of the law.

41. Learned senior counsel also relied upon various acts of respondents and then commented upon their acts stating that there is substantial siphoning off funds which is not advantageous to the proprietors of the trademarks. We are of the view that the contention raised by the learned counsel for the appellant is beyond the scope of the appeals which have been filed against the infringement of trademarks. Further, the acts complained of are all against the company and not against the joint proprietors and these are all matters of evidence which are to be considered at the time of trial.

42. Further, the submission of Mr.G.Masilamani, learned senior counsel is that the joint proprietors from the beginning have decided to assign the trademarks in favour of the company. He referred to the draft deed of sale of trademarks in favour of the company and submitted that there is a perpetual fraud committed by the joint proprietors and the act of joint

proprietors would show that they continued to treat the company as the sole proprietor of the trademarks which is illegal and detrimental to the interest of the appellant. However, this submission is also a matter of evidence. Further, the Division Bench of this Court in O.S.A.Nos.87 and 88 of 2001 held that the concept of piercing the veil of company on the facts of the case could not be invoked having regard to the conduct of the company and that of the joint proprietors of the trademarks.

43. Mr.G.Masilamani, learned senior counsel also submitted that the respondents have not denied the case of mala fide and fraud raised by the appellant. He also submitted that the respondents were paying to the appellant only a meagre sum of Rs.25,000/- per annum towards royalty whereas the company was doing business with a turnover of more than 24 crore rupees. He referred to the auditor's report to show that there is siphoning off money. He also referred to paragraph Nos.3,4 and 6 of the additional reply affidavit filed by the appellant in O.A.Nos.730 to 733 of 2002. Mr.M.K.Rao, learned counsel for the respondents, on the other hand, referred to the rejoinder affidavit filed by the respondents. As we have already stated these are all matters that should be gone into at the time of trial.

44. Another fact that was brought to the attention of this Court by Mr.M.K.Rao, learned counsel for the respondents is that the appellant had instituted proceedings under the Companies Act for winding up of N.V.K.M. & Sons (P) Ltd. in C.P.No.87 of 1992 on the file of this Court on the score that the respondents 1 to 3 were involved in the mismanagement of funds which was later withdrawn. As we have stated earlier, these are all matters which are required to be decided on the basis of evidence.

45. Learned senior counsel for the appellant also referred to the deposition of Kadher Ibrahim, first respondent herein, who was examined as D.W.2 in C.S.No.1577 of 1992 and submitted that he has stated in his deposition that in a food adulteration case the Kerala Court imposed fine and imprisonment on him as well as one G.Subbiayan and imposed fine on the company. However, it is not necessary to consider this submission, as already held by this Court in O.S.A.Nos.87 and 88 of 2001, the appellant would be entitled to have the benefit of injunction against the company and further these are all matters which are to be decided on the basis of evidence and not on the basis of averments made in the affidavits by the parties. He also submitted that the respondents have gone to the extent of developing a trademark, ROJA GOLD as they also claimed in O.S.A.Nos.87 and 88 of 2001 that the company had developed a trademark, ROJA GOLD and in the affidavit they have also stated that they have no objection for the company to use the trademarks, RAJA, ROJA, KERA and ROJA GOLD. In the affidavit they have stated that the company used the trademarks. Learned counsel also referred to the judgment in O.S.A.Nos.87 and 88 of 2001 wherein the Division Bench of this Court held that the claim of the company that it developed the trademark, ROJA GOLD is not tenable and the company could not assert any right to use the trademark ROJA GOLD and that mark is merely an extension of the registered trademark RAJA (sic ROJA) and the use of that mark by the company would also amount to infringement of trademarks. He also submitted that the respondents have acted fraudulently and the fraudulent intention of the respondents is

clear when they demanded a sum of Rs.75 lakhs as a precondition for the appellant to join them for joint exploitation by notice dated 11.9.1995. He also submitted that the notice issued by the respondents was not for joint exploitation of the trademarks, but to file a suit which is not proper and justified.

46. We are of the view that in considering the question whether the appellant should be permitted to use the trademarks in question, the right of the appellant to use the trademarks and the interest of public are of foremost importance and since we are prima facie of the view that the use of the trademarks by the appellant who happens to be one of joint proprietors for her own benefit is impermissible under the law and the ultimate sufferer would be the public at large, the appellant is not entitled to use the trademarks in question. As far as various serious allegations made by the respondents are concerned, those questions require a detailed investigation of facts and they have to be examined during the trial of the suit.

47. It is very well to remember that we are sitting in appeal over the order passed by the learned Judge of this Court and we would be justified in interfering with the order of the learned Judge only if it is established that the learned Judge has not taken into consideration relevant facts and the decision has been arrived at by the learned Judge taking into consideration irrelevant facts without evidence in support of his conclusion and the decision is perverse and not sustainable in law. But in so far as the view taken by the learned Judge about the permissibility of the appellant to use the trademarks is concerned, we find that the learned Judge has taken into consideration all relevant aspects of the matter and applied the law and it cannot be stated that the conclusion of the learned Judge is perverse and not sustainable on the facts of the case.

48. The next question that arises is whether the respondents should be permitted to use the trademarks during the pendency of the suit. While considering the question, it is necessary to briefly recapitulate the facts. N.V.K.Mohamed Sultan Rowther formed a proprietary concern, called, N.V.K.Mohamed Sultan Rowther and Sons which was later converted into a partnership firm by including the sons and daughters of N.V.K.Mohamed Sultan Rowther. On the death of M.V.K.Mohamed Sultan Rowther, the trademarks devolved on his sons and daughters and they continued to retain the ownership of the trademarks with them and they carried on the business in the name and style, N.V.K. Mohamed Sultan Rowther & Sons till 1984 when a company called, N.v.K.Mohamed Sultan Rowther & Sons (P) Ltd. was incorporated. Though it was contended that the respondents 1 to 4 tampered the agreement by inserting the words, " and also to transfer the registered trademark to the proposed company", that question has to be decided at the time of trial of the suit. There is no dispute that the registered trademarks were not transferred to the proposed company, but the company was allowed to exploit the trademarks by the user agreement dated 12.7.1984 for a period of five years. We have already referred to some of the terms of the agreement earlier and a reading of the agreement clearly shows that the joint proprietors had retained complete control and supervision over the quality, specifications of the articles to be

manufactured by the company with the direction to the company that it should market the products with a clear indication that the co-owners, namely, N.V.K.Mohamed Sultan Rowther and his sons and daughters are the proprietors of the trademarks. There was a further direction that the company should assist the co-owners in protecting the right of the coowners in the marketing area of the goods. That agreement expired on 12.7.1989 and there was a supplementary agreement dated 24.9.1986 as one of the co-owners passed away and her legal heirs along with other co-owners permitted the company to use the trademarks on payment of royalty for the same period as mentioned in the original agreement dated 12.7.1984. Though the agreement was not registered as per the provisions of section 48 of the Trademarks Act, the company continued to use the trademarks on the same terms of the agreement stated earlier. The appellant Zeenath Bivi received royalty from the company till 31.3.1991. We have already referred to the litigation instituted by the appellant against the company and by the company against the appellant also.

49. When the matter came before this Court, this Court in O.S.A. Nos.87 and 88 of 2001 proceeded on the basis that the agreement was required to be registered under the provisions of the Trademarks Act and following passages of the judgment of the Division Bench of this Court are relevant:-

" That agreement was to remain in force till 12.07.1989. Though the agreement contemplated the possibility of renewal, no renewal has been effected, nor was any fresh agreement executed after that date. On the 24th of September 1986 by a supplementary royalty agreement, the rate of royalty payable for the scented betel nuts sold under the trade mark 'Roja' was revised under the deed, Ex.D.6, but the other terms of the user agreement remained unaltered. The user agreement, however, was not registered with the Registrar of Trademarks and sections 48 and 49 of the Trade Marks Act, and Rules 82, 83 and 88 of the Trade Mark Rules were not complied with".
xxx xxx xxx
" The user agreement which was required to be registered under the provisions of the Trade and Merchandise Marks Act, 1958 (the Act) not having been registered, the company cannot be regarded as the registered user even during the currency of the user agreement. Any semblance of right in the company to use the marks clearly came to an end when that agreement expired. The continued user of the marks clearly amounts to infringement. The submission for the company that there is no infringement cannot therefore be accepted."

50. The Court proceeded on the basis that the agreement was required to be registered under the provisions of the Trademarks Act and on that basis, it came to the conclusion that the continued user of the trademarks by the company was not permissible. However, it is wellsettled by the decision of the Supreme Court in M/s. GUJARAT BOTTLING CO. LTD. v. COCA COLA COMPANY (AIR 1995 S.C. 2372) that apart from the provisions relating to registration of the agreement, it is permissible for the registered proprietor of a trademark to permit a person to use his registered trademark and such licensing of trademark is governed by common law. The

following observation of the Supreme Court in that case would be relevant:-

" Apart from the said provisions relating to registered user, it is permissible for the registered proprietor of a trade mark to permit a person to use his registered trade mark. Such licensing of trade mark is governed by by common law and is permissible provided (i) the licensing does not result in causing confusion or deception among the public; (ii) it does not destroy the distinctiveness of the trade mark, that is to say, the trade mark, before the public eye, continues to distinguish the goods connected with the proprietor of the mark from those connected with others; and (iii) a connection in the course of trade consistent with the definition of trade mark continues to exist between the goods and the proprietor of the mark. (See: P. Narayanan Law of Trade Marks and Passing Off, 4th Ed., Para 20.16.P.335). It would thus appear that use of a registered trade mark can be permitted to a registered user in accordance with provisions of the Act and for that purpose the registered proprietor has to enter into an agreement with the proposed registered user. The use of the trade mark can also be permitted de hors the provisions of the Act by grant of licence by the registered proprietor to the proposed user."

51. In Narayanan on Trademarks (4th Edn. at page 334) the following observation of the learned author is also relevant:

"In the case of an unregistered licensed user, if the registered proprietor retained the power to exercise sufficient control over the use of the mark as to ensure that it would not become deceptive, and that he exercised such control when necessary, the user of the mark by the licensed user inured to the benefit of the proprietor and the registration cannot be attacked on the ground of non-user or deceptive use. The definition of a trade mark does not require that use of a trade mark indicate the identity of the proprietor or of any registered user."

52. In FATIMA TILE WORKS v. SUDARSAN TRADING COMPANY LTD. (AIR 1992 Madras 12) AR.Lakshmanan,J.(as His Lordship then was) was dealing with the case of a licence granted by a company to use the trademark and the company retained the power of control over the user, and the learned Judge held that the user of the trademark by the licensee can legitimately be said to be the user by the company and it cannot be said that there is non-user by the company.

53. A similar question arose before a Division Bench of the Calcutta High Court in CYCLE CORPORATION OF INDIA LTD. v. T.I.RALEIGH INDUSTRIES PVT. LTD. (AIR 1995 Calcutta 73) where the Calcutta High Court considered the provisions of section 46 of the Trademarks Act and held that the expression, 'by any proprietor thereof' in section 46 would mean and include not only the proprietor, but also any registered user and any other bona fide authorised user. The Calcutta High Court held as under:-

" In dealing with the scope of section 46 of the said Act it was argued on behalf of the respondents, both before the trial Court as also before us that removal of a mark is highly prejudicial consequence on the

registered proprietor. There is no dispute that Raleighs are the registered proprietor. Mr.Chakraborty, the learned senior counsel for the respondents submits that the expression "by any proprietor thereof" should not be restricted to the user by the proprietor himself or any registered user but should also take in its sweep a bona fide authorised user. The learned trial Judge accepted this submission as well founded to which we agree. We also agree with the learned trial Judge when he says that removal of trade marks amount to depriving the registered proprietor of the benefit of registration and prejudicially affects his proprietary rights, in effect he is deprived of his property in the mark. The learned Judge also proceeded to observe that Legislature did not intend the owner to be deprived of his property at the instance of a person who has been authorised to use the mark by the owner himself merely because the user is not registered. We agree with this observation of the learned trial Judge. In our view the said expression "by any proprietor thereof" should not be restricted to the user by the proprietor himself or any registered user, but it should also be taken into account if it is used by bona fide authorised user."

54. The said decision of the Calcutta High Court was upheld by the Supreme Court in CYCLE CORPN. OF INDIA LTD. v. T.I. RALEIGH INDUSTRIES PVT. LTD. (AIR 1996 S.C. 3295) wherein the Supreme Court laid down the law as under:-

" It is true that while exercising discretion, the Court under section 46 of the Act should take into consideration not only commercial interest of the parties but also public interest. In para 21.82 at page 386 of the Law of Trade Marks and Passing-off by P.Narayanan(4th Edn.), it is stated that the Court or the Registrar has discretion in granting or refusing an application for rectification. Ordinarily, however, the mark will be expunged (sic) (taken off) when the factual circumstances necessary for the removal are established unless it is shown that the case comes within the exceptions provided in subsection (3). The High Court refused to exercise the discretion to strike off the trade mark from the register. It is seen that the appellant had not abandoned at any point of time, the use of the trade mark of the respondent-registered proprietor till filing of the application. Though the appellant has not used the trade mark by itself since 19 54 and after the expiry of the permitted use by Sen Raleigh until the notice was issued by the respondent directing the appellant not to use the trade mark, the appellant came to use the same in passing off bicycles manufactured by it under trade mark of the respondent. It is not relevant for the purpose of section 46(1)(b) whether the bicycles were manufactured with the assistance of technical know-how passed on by Sen Raleigh or the permitted user. Suffice it to state that the appellant, as a fact, had used the trade mark of the respondent in passing off the bicycles manufactured by it. The High Court, in our view, declined for good reason, to rectify the trade mark under section 46(1)(b) of the Act. We are also not persuaded to take a different view from that of the High Court. In these circumstances, we are of the view that the High Court has properly exercised its discretion and refused to rectify and strike off the trade mark from the register of trade marks of the Registrar."

The same is the view taken by the Supreme Court in HARDIE TRADING LTD. v.

ADDISIONS PAINT AND CHEMICALS LTD. (2003 AIR SCW 4788).

55. We have gone through the relevant clauses of the user agreement and find that the joint proprietors have retained complete control over the use of trademarks by the company and the permission to use the trademarks was granted to the company subject to the condition that the user by the company should not result in causing any confusion or deception in the minds of the public or destroying the distinctiveness of the trademarks. Though the company was permitted to use the trademarks, but there are clauses to the effect that there should be a distinction between the goods connected with the proprietor of the mark from those connected with others. The clauses also provided that there must be a connection in the course of trade consistent with the definition of trademarks continuing to exist between the goods and the proprietor of the trademarks. Further, the directors are the joint proprietors and they are not strangers. They exercised control over the affairs of the company. The company was formed only to exploit the trademarks and the company was functioning under the direct control and supervision of the joint proprietors and in the user agreement there were clauses to show that there existed a close link or connection between the goods manufactured and marketed with the trademarks in question by the joint proprietors of the trademarks.

56. Further, the decision of this Court in O.S.A.Nos.87 and 88 of 2 002 was rendered in the case of company and joint proprietors were not parties in that proceedings and the observation made by the Court that the agreement required to be registered under section 48 of the Trademarks Act was not registered and the company could not be regarded as the registered user even during the currency of the user agreement would not strictly bind the joint proprietors. Further, the joint proprietors have placed the agreement before the Court to show that the joint proprietors had retained the control and supervision in the user of trademarks by the company. Further, it is also not necessary to go into the question whether the user by the company is an authorised one or not for the purpose of deciding the issues that arise in these appeals as the user by the company under the user agreement can prima facie be taken to be the user by the joint proprietors during the currency of the period of agreement and even after the expiry of the agreement, the user can be impliedly taken to be the user by the joint proprietors as the company used the trademarks on the same terms and conditions contained in the earl ier agreement and therefore it cannot be prima facie stated that the joint proprietors have not used the trademarks even after the expiry of the agreement entered into by them with the company.

57. The appellant, as we have already found, has instituted the suit (C.S.No.1577 of 1992) only in the year 1992 and till 1992 she was receiving the royalty and she was also a dealer of the company products for Chennai region. It therefore can be easily stated that till the appellant issued the notice dated 14.3.1992, all the joint proprietors including the appellant can be said to have used the trademarks through the company. We have already referred to the result of the litigation instituted by the appellant as well as by the company. Moreover, till the suit instituted by the appellant was decreed in her favour on 2.3.2001, on the basis of the

injunction order passed by this Court dated 5.7.1995, the company was using the trademarks. This Court held that nearly 95% of the co-owners agreed for the company to make use of the trademarks and hence, there was no infringement of trademarks by the company and there was no use of false trademarks or false description and it can therefore be stated that till the case was decided by this Court in favour of the appellant, the user by the company cannot be said to be illegal as this Court had not prevented the company from using the trademarks and the user by the company can also be taken to be the user by the joint proprietors of the trademarks.

58. The judgment of learned Judge of this Court granting decree in favour of the appellant was upheld by the Division Bench of this Court in O.S.A.Nos.87 and 88 of 2001 and the Supreme Court also refused to grant leave when the company approached the Supreme Court by way of Special Leave petition on 8.4.2002. We are therefore prima facie of the view that there was no abandonment by the joint proprietors by permitting the company to use the trademarks either during the currency of the agreement or after the expiry of the agreement till the suit was finally decided against the company.

59. The question whether it is permissible for one of the joint proprietors to withdraw her consent when other joint proprietors have granted consent to the company to use the trademarks has to be gone into during the course of trial of the suit. It is relevant to point out that it is the case of the respondents that after the decision of the Supreme Court rendered in Special Leave Petitions filed against the judgment in O.S.A.Nos.87 and 88 of 2002 they have started using the trademarks in the business carried on by them.

60. Mr.G.Masilamani, learned senior counsel submitted that the entire business of the firm was taken over by the company. The Bench of this Court in O.S.A.Nos.87 and 88 of 2001 has held that the firm was dissolved, though not formally declared, and yet the dissolution was brought about when this user agreement was executed. However, we have already noticed the order of the Supreme Court in S.L.P.No.6803 of 2002 wherein it was held that the question regarding the existence of the firm has to be examined by the trial Court while disposal of the suit and hence, we are of the view that in view of the direction of the Supreme Court, the question regarding existence of the firm has to be decided by the trial Court while disposing of the suit and hence, we are not rendering any finding on that question.

61. Learned senior counsel also referred to the plaint and submitted that in the plaint the partnership firm is shown as one of the parties as 14th plaintiff, but described as a formal party to the suit. His submission was two fold that since in the earlier suit instituted the firm was a party and the decision rendered in the earlier proceedings would bind the firm. In so far as this submission is concerned, we have already noticed that the other joint proprietors were not parties to the earlier proceedings and therefore the decision rendered in the earlier proceedings would not operate as res judicata and would not bind the joint proprietors. Secondly, he submitted that when the firm ceased to exist, it is inconceivable that the firm should continue to use the trademarks after 8.4.2002 when the Supreme

Court refused to grant leave in the Special Leave Petitions. This submission is also not acceptable as it is not the case of the respondents that the firm is using the trademarks after 8.4.2002, but the joint proprietors have been using the trademarks after 8.4.2002.

62. Mr.G.Masilamani, learned senior counsel would contend that the plea is not sustainable as the premises of the company has been sealed by virtue of the orders passed by the II Metropolitan Magistrate, Chennai. However, Mr.M.K.Rao, learned counsel for the respondents produced before us a copy the order of the Second Metropolitan Magistrate, Chennai dated 14.5.2002 suspending his earlier order and submitted that on the basis of that order, the manufacturing and marketing betel nut/supari under the trademarks RAJA and ROJA in the premises at Dindigul were done by the joint proprietors. Further, learned counsel also pointed out that the warrant issued by the II Metropolitan Magistrate, Chennai shows that the police was authorised to effect search and take possession of spurious scented betel nuts, raw materials, all machines, wrappers, material packets, bags and accounts and to bring them before the Court with an endorsement certifying its execution. Learned counsel submitted that the warrant was issued only against the company in May, 2002 and at that time, the company was not carrying on the business. We find that no such argument was advanced before the learned Judge when he heard the applications and the arguments proceeded on the basis that the joint proprietors were using the trademarks after 8.4.2002.

63. We have gone through the pleadings to find out the stand of the parties. There is no dispute that in so far as the trademark ROJA is concerned, it was registered in the name of N.V.K.Mohamed Sultan Rowther & Sons, 95, Market Road, Dindigul with the registration No.32 4704 along with associated trademarks and it was renewed for a period of seven years from 19.4.1998 which will expire only on 18.4.2005. The reply notice issued by the appellant through her counsel dated 22.6.2002 shows that it is her case that the joint proprietors, Raja Mohammed, Khader Ibrahim, Asi Mohammed, e tc. were using the trademarks without any right and authority and selling their goods and thereby deceiving the public. In the notice the respondents were called upon to do the following things:

" i. to forthwith withdraw all infringing spurious products from the market and destroy the same;
ii. to stop the illegal business using the Trade Marks for their own benefit contrary to law;
ii. to surrender all seals, machines, articles of manufacture, labels, packing materials, vehicles instruments used in the process of manufacture and marketing of such infringing spurious products; "

64. Further, in the affidavit filed by the appellant in O.A.Nos.730 to 733 of 2002 in C.S.No.727 of 2002 she has stated that the respondents were doing their illegal acts of infringement of trademarks and trading style and therefore prayed for interim injunction restraining them from infringing the trademarks, from passing off their goods as that of the appellant and from infringing the copyright. In the suit filed by her, she has stated that the cause of action for the suit arose on all subsequent occasions when the respondents continued to produce offending products under

the trademarks. In the plaint filed by the respondents in C.S.No.455 of 2002 they have categorically stated as under:-

" Plaintiffs 1 to 13 are the joint owners/proprietors of trademarks and in the Trade Mark Registry, their names find a place and stated as all are trading as N.V.K.M. & Sons; N.V.K. Mohamed Sultan Rowther & Sons at 95, Market Road, Dindugal 624 001. "

They have also filed the labels used by them during the course of business. The respondents have also taken a positive stand in their counter affidavit stating that the respondents have been carrying on the business by means of licence granted to the company and on the basis of orders of the Division Bench of this Court, the company ceased to exist and thereafter the respondents have been using the trademarks as joint proprietors of the same and the appellant completely ignored the bona fide invitation extended to her by the respondents. They also stated as under:-
" The allegation of the application that the respondents are proposing to start a new venture to manufacture betel nut by using the trade mark ROJA as contained in paragraph 11 of the affidavit is concocted. The applicant has completely ignored the bona fide invitation extended to her by the respondents under notice dated 11.5.2002 which was issued only with a view to afford an opportunity to the applicant to join with the other joint proprietors and also for joint exploitation of the trade marks as contemplated under the orders of the Honourable Division Bench. But the applicant has completely disregarded the generosity of the respondents and bent upon sticking to her stand without mending her ways and with a greed to somehow misappropriate the trade marks belonging to the joint proprietors for herself. The respondents being left with no other option have instituted rectification proceedings in O.P.No.406 to 411 of 2002 to remove the name of the applicant from the trade mark register and the same are pending before this Honourable Court."

They have repeated the same thing in paragraph-29 of the affidavit stating that the respondents have not at any point of time withdrawn themselves from using the trademarks and on the other hand, they have been all along involved in the manufacture of the betel nut business under the trademarks without any interruption at any point of time. The appellant also in her affidavit has stated that the respondents have committed infringement of trademarks and they are also guilty of passing off action apart from infringement of trademarks.

65. The parties have come with a definite case that the joint proprietors have been using the trademarks after the judgment of Division Bench of this Court. We have already noticed that this point was not a subject matter of consideration before the learned Judge of this Court and the point now sought to be raised by Mr.G.Masilamani, learned senior counsel is only on the basis that subsequent to the decision of the Division bench of this Curt, there was an order by the Second Metropolitan Magistrate, Chennai ordering seizure of the premises.

66. Mr.G.Masilamani, learned senior counsel referred to the

notice issued on behalf of the joint proprietors dated 11.5.2002 wherein in paragraph-3 it is stated as under:-

" Our clients, who are all joint proprietors and whose names are enumerated in para-1 above propose to carry on business in betel nut goods falling in Clause 31 by using the above-mentioned registered trademarks, amongst others, under the trading style 'N.V.K.M. & Sons' and/or 'N.V.K.Mohamed Sultan Rowther & Sons', and/or 'Roja betel nut Manufacturing Company'. Even though from 1995 you have been independently and to the exclusion of all our clients, using the abovementioned regd. trade marks in betel nut business, now that such use by you has been disapproved by the DB judgment cited above, and since your name presently appears as a joint proprietor in the Register of Trade Marks with respect to the above-mentioned regd. trade marks, by this notice our clients hereby call upon you to join our clients in this joint exploitation of the said trade marks ...."

Referring to the words, 'propose to carry on business in betel nut goods', learned senior counsel submitted that since in the notice dated 11.5.2002 the respondents have stated that they proposed to carry on the business, it would imply that they did not carry on business even before 11.5.2002 and the stand taken by them now that the joint proprietors have been carrying on the business before 8.4.2002 is against the stand taken in their notice. He also referred to the plaint and the affidavit filed by the appellant wherein she has stated that the respondents have not used the trademarks, but they only proposed to use carry on the business. He also submitted that the appellant was directed by the respondents to pay a sum of Rs.75,00,000/- as pre-condition to join them in the joint exploitation and the money has not been paid by the appellant and therefore the plea of the joint proprietors that they have been using the trademarks is not sustainable.

67. We have considered the submissions of Mr.G.Masilamani, learned senior counsel and we have referred to the averments made in the plaints in both the suits as well as the affidavits and counter affidavits filed by the parties. In the affidavit the appellant has stated that the respondents are trying to pass off their goods as those of the appellant. We have also referred to the pleadings as well as the averments made in the affidavits. Though there are averments in the plaint as well as in the affidavits that the respondents are carrying on business, however, to satisfy ourselves whether the joint proprietors have been carrying on the business, we directed the counsel for the respondents to produce documents in support of their case. Mr.G. Masilamani, learned senior counsel objected to the production of the documents and submitted that the respondents in the plaint including in the cause of action paragraph has not stated the actual date of commencement of their business and therefore the documents now sought to be introduced are forged documents. Learned senior counsel referred to the decision of the Allahabad High Court in NARAIN DAS v. II ADDL. DIST. JUDGE, MORADABAD (AIR 1999 All.74), the decision of this Court in A.MUNUSWAMI v. R.SETHURAMAN (AIR 1995 Mad. 375) and the decision of the Supreme Court in BOMBAY CORPORATION v. PANCHAM (AIR 1965 S.C.1 008). The Supreme Court in Bombay Corporation case (AIR 1965 SC 1008) has held as under:-

" No doubt, under R.27, the High Court has the power to allow a document to be produced and a witness to be examined. But the requirement of the High Court must be limited to those cases where it found it necessary

to obtain such evidence for enabling it to pronounce judgment. This provision does not entitle the High Court to let in fresh evidence at the appellate stage where even without such evidence it can pronounce judgment in a case. It does not entitle the appellate Court to let in fresh evidence only for the purpose of pronouncing judgment in a particular way. In other words, it is only for removing a lacuna in the evidence that the appellate Court is empowered to admit additional evidence."

In A.Munuswami's case (AIR 1995 Mad.375) this Court held that the documents marked as exhibits without proof cannot form basis of the judgment. In Narain Das's case (AIR 1999 All. 74) the Allahabad High Court held that when a party seeks to introduce additional evidence, the application must be supported by an affidavit of the party.

68. There can be no quarrel over the proposition of law laid down by the Supreme Court as well as by this Court and the Allahabad High Court. It is necessary to mention here the decision of this Court in HAW PAR BROS. INTERNATIONAL LTD. v. TIGER BALM CO.(P) LTD. & ORS (199 6 PTC (16)(DB) 311) wherein a Division Bench of this Court held as under:-
" At the interlocutory stage it is the practice to accept documents filed along with affidavit. The respondents have also filed number of such documents and if regular proof is necessary, the documents filed by both sides should be completely ignored. If that procedure is adopted, it is not possible in any interlocutory application to grant relief to parties."

However, we are making it clear that we are not relying upon any of the additional documents produced to come to a conclusion as the parties themselves in the pleadings have proceeded on the basis that the respondents have been carrying on business as joint proprietors. The suit filed by the appellant also proceeds on the basis that the respondents/plaintiffs have been carrying on the business and hence, she prayed for injunction against the passing off action. The respondents/plaintiffs in their affidavit have taken a definite stand that they have been carrying on the business as joint proprietors in more than one place. Since learned senior counsel for the appellant has submitted that the business premises was sealed under the orders of the II Metropolitan Magistrate, Chennai, learned counsel for the respondents has produced a copy of the order of the learned II Metropolitan Magistrate dated 14.5.2002 wherein he suspended his earlier order. Further that order was passed against the company and not against the joint proprietors. Learned counsel for the respondents produced before us the copy of letter of the Chartered Accountant to show that the business of the company was carried on by N.V.K.M. & Sons from April, 20 02. He has also enclosed the copy of certificate showing the sales turnover from April, 2002 to August, 2003 and the copy of report of sales-tax authority in Form-A1 in respect of the sales outside the State. It is also stated that the firm has been allotted with a Permanent Account Number. He has also enclosed along with the report the invoice-cum-delivery chalans of N.V.K.M. & Sons for the period from 3.5 .2002 to 11.10.2003. Learned counsel for the respondents has also produced before us the returns filed under the Central Excise Act for and from the month of April, 2002 wherein the Superintendent of Central Excise has affixed his signature and the returns have been filed till the month of

August, 2003. Learned counsel for the respondent has also produced before us the sample bills issued to advertising agents of N.V.K.M. & Sons, Dindigul.

69. We are making it clear that we are not placing any reliance on any of the documents, but the fact of production of documents is recorded. We are of the view, de hors the additional documents produced before us, the respondents have prima facie established on the basis of the pleadings that they have been carrying on the business from April, 2002. However, it is a matter that has to be gone into during the course of trial. We wanted to satisfy ourselves that the respondents were jointly carrying on the business as in the letter dated 11.5.2002 issued by the joint proprietors to the appellant it is stated that they proposed to carry on the business. Mr.G.Masilamani, learned senior counsel placed emphasis on the expression, 'propose to carry on' and submitted that the expression clearly shows that the respondents proposed to carry on the business and it implies that they did not carry on the business till 11.5.2002 and the stand taken by the respondents that they were carrying on the business from April, 2002 is not sustainable. However, we are prima facie of the view that the mere use of the expression, 'propose to carry on' in the letter dated 11.5.2002 cannot be construed to mean that the joint proprietors were not carrying on the business on the date of the letter and the letter has to be read as a whole and in the letter there was an invitation to the appellant to join with them in the joint exploitation of the trademarks. In that context, if the letter is read, the expression, 'propose to carry on' can be construed to mean that the appellant was requested to join the other joint proprietors for joint exploitation of the trademarks.

70. Mr.G.Masilamani, learned senior counsel also filed certain additional documents along with an affidavit sworn by the appellant and submitted that the documents clearly show that the licence number continues to be the same. In this regard, he also referred to the letter wherein learned counsel for the respondents was directed to produce certain documents, but he did not produce any document. He also referred to the show-cause notice issued by the Office of Commissioner of Central Excise, Madurai both to the company and the partnership firm. Counsel for the respondents has given explanation for each one of the documents, however, it is not necessary to consider the same as we are prima facie of the view that the respondents have established that the were carrying on the business on the date of institution of the suit. Therefore we are not rendering any finding on the question whether it is permissible for other joint proprietors to use the same licence number granted under the Central Sales Tax Act or the Factories Act to the company and whether the joint proprietors have been using the same registration number granted under the provisions of Tamil Nadu General Sales Tax Act and Central Sales Tax Act to show their continuity in the business. We are of the view that these are all matters that are to be decided at the time of trial of the suit.

71. Further, the question that has to be seen is whether on the date of presentation of the plaint, namely, July, 2002 the

respondents/plaintiffs were carrying on the business. In the letter dated 22.6.2 002 issued on behalf of the appellant in response to the notice dated 11.5.2002 issued by the joint proprietors, the appellant has stated that the joint proprietors are using the trademarks without any right or authority and selling their goods as those of the appellant. In the letter the appellant called upon the joint proprietors to stop their illegal business using the trademarks for their own benefit. The respondents filed their suit subsequent to the notice dated 22.6.2002. When there was an admission by the appe llant that the respondents have been carrying on the business even in the month of June, 200 2, we are prima facie of the view that the joint proprietors have proved that they have been carrying on the business on the date of institution of the suit.

72. So far as the other submission of Mr.G.Masilamani, learned senior counsel that there is a contradiction between the stand taken by the respondents in their notice dated 11.5.2002 and the stand now taken is concerned, we are of the view, that is a matter which requires evidence and the respondents have to establish that the other joint proprietors are carrying on the business from April, 2002.

73. The other submission of Mr.G.Masilamani, learned senior counsel is that there are fraud and mala fide acts done by the respondents. So far as this argument is concerned, we are of the view that this question has to be gone into at the time of trial. He also submitted that there is a deliberate attempt by the respondents to appropriate the trademarks. We are of the view that this is also a matter that has to be gone into at the time of trial and it cannot be decided now.

74. We are also of the view that the disability which the appellant faces by virtue of the operation of section 24 of the Trademarks Act would equally apply to the respondents as well. It is relevant to notice here that the first respondent has stated that he wants to remain neutral in the proceedings.

75. The question that arises is what will be the proper relief that can be granted in the appeals. We have already held that the appellant is one of the joint proprietors and on the basis of the judgment of the Division Bench of this Court her user of the trademarks is impermissible. On the other hand, the respondents have shown that they have been carrying on the business on the date of institution of the suit. The question whether the joint proprietors are entitled to exploit the trademarks when one of the joint owners objects to the same has to be gone into at the time of trial. As it is the case of the joint proprietors that they are exploiting the trademarks, we hold that the joint proprietors should not be denied the relief. Since the joint proprietors have shown that they have been carrying on the business on the date of institution of the suit, we are of the view that the business should be protected and if the joint proprietors are also injuncted from carrying on the business, it will kill the business. Since the appellant has come out of the group, if the respondents are also restrained from using the trademarks, it will not benefit any of the parties to the suit. We also find that the matter is also pending for rectification of Trademarks Register in

respect of the trademarks in question and final decision has not been taken in that proceedings.

76. Moreover, the question whether it is open to one of the joint owners to prevent the licensee to use the trademarks when there was a licence granted to a licensee to use the trademarks has to be examined at the time of trial of the suit. Further, the question as to the effect of one of them withdrawing from the association and preventing other joint owners from exploiting their right is a question that has also to be decided at the time of final hearing of the suit.

77. As far as the decision of this Court in O.S.A. Nos.87 and 88 of 2002 holding that the use of the trademarks by the company cannot be regarded as that of the joint proprietors especially when one of the joint proprietors objected to the use by the other joint owners is concerned, the decision was rendered as against the user by the company and since the joint proprietors were not parties to that proceedings, the above observation made by this Court in O.S.A.Nos.87 and 88 of 2002 does not bind the respondents herein. Further, we have already held that the court proceeded on the basis that the user agreement was required to be registered under the provisions of the Trademarks Act and under the common law it is permissible for the owners of trademarks to allow the licensee to use the trademarks provided the control is retained by the owners of the trademarks. Since the respondents were not parties to that proceedings, the above observations of this Court in O.S.A.Nos.87 and 88 of 2002 do not bind the respondents herein.

78. We are of the view that the order of the learned Single Judge holing that the appellant Zeenath Bivi is not entitled to use the trademarks in question is not liable to be interfered with as we find that the said view cannot be said to be unreasonable or arbitrary or perverse. Learned Single Judge came to the conclusion on the basis of the decision of the Supreme Court and the decision of the Division Bench of this Court. Though the view of the learned Single Judge that majority of the joint proprietors would be entitled to exploit the trademarks may not be quite accurate, however, we find that he exercised his discretion on the basis that there should be a joint exploitation by all and only if there is unwillingness by one or some of joint proprietors, other joint proprietors would be entitled to exploit the trademarks. We are of the view that the above decision has been taken in the interest of the running of the business and continued exploitation of trademarks pending consideration of the applications for rectification.

79. We are therefore of the view, pending consideration of the disputed fact and law, the business carried on by the respondents should be carried on by the respondents 2, 3 and 5 and the respondents 2, 3 and 5 shall carry on the business in their capacity of receivers and they are also entitled to exploit the trademarks in question for and on behalf of and for the benefit of all the joint owners. We are of the view, considering the nature of the business and in the interests of the business, if an outsider is appointed as a receiver,

it would result in divulging the trade secrets and know-how in the manufacture of supari to others. In this situation, we appoint the respondents 2,3 and 5 as joint receivers to carry on the business as it is stated that the fourth respondent is an insane person. Though there is no material to show that he is an insane person, we are of the view that in view of the allegation made against him, it will not be proper to appoint the fourth respondent as receiver. Further, it is also stated that the appellant refused to ac cept the offer of joint exploitation made by the respondents. The first respondent has stated that he wants to remain neutral in the proceedings. In the circumstances, we appoint the respondents 2,3 and 5 as receivers to run the business and exploit the trademarks in question. The receivers shall maintain proper accounts and they are empowered to carry on the business till the disposal of the suits. One week's time from the date of the receipt of the order is given to the concerned respondents/ receivers to accept the receivership and if any one of them does not express willingness or declines to accept, other receivers shall carry on the business. If all of them express unwillingness, the Registry is directed to post the matter after two weeks for further directions. The receivers are also directed to submit annual accounts before the Court on or before 31st of March every year.

80. In the result,

a) there will be an order of injunction pending suits against the appellant Zeenath Bivi from exploiting the trademarks in question;

b) the business hitherto carried on by the respondents shall be carried on by the respondents 2, 3 and 5 in their capacity of receivers and they are permitted to exploit the trademarks in question for and on behalf of and for the benefit of all the joint owners;

c) the respondents 2, 3 and 5, namely, M.Raja Mohamed, M.Asi Mohamed and A.Zaithoon Bivi are appointed as receivers to carry on the business;

d) the receivers shall submit annual accounts of the business carried on by them on or before 31st of March every year; and

e) since we are ordering injunction against the appellant from exploiting the trademarks in question, the judgment so far as it relates to the appellant is concerned is suspended for a period of three weeks to enable her to make alternative arrangements.

With the above directions, all the appeals are dismissed. No costs. All the C.M.Ps. are closed.

Index: Yes
Website: Yes
na.

To

The Sub Asst. Registrar,
Original Side,
High Court, Madras.